

# County Council of Cuyahoga County, Ohio

## Ordinance No. O2019-0001

Sponsored by: <b>Councilmembers Brady, Miller and Jones</b>	<b>An Ordinance</b> enacting Chapter 809 and amending Section 704.01 of the Cuyahoga County Code to establish the Cuyahoga County Housing Program.
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WHEREAS, the national foreclosure crisis of 2008 resulted in tens of thousands of foreclosures in Cuyahoga County and an over 13% drop in the county’s median home values, which resulted in eviction of, and abandonment by, homeowners, many of whom had fallen victim to predatory lending practices; and

WHEREAS, deterioration of aging housing stock, decrease in population, and vacancy and abandonment of residential properties has resulted in a cycle of structural disinvestment in many neighborhoods throughout Cuyahoga County; and

WHEREAS, the Cuyahoga County Land Reutilization Corporation (“Land Bank”) was established in 2009 in the wake of the national foreclosure crisis to strategically acquire blighted properties and return them to productive use, increase property values, and collaborate with community partners to improve the quality of life of Cuyahoga County’s residents; and

WHEREAS, the Land Bank has become a state and national model for metropolitan land banks facing mass residential foreclosure, has demolished over 7,000 vacant properties utilizing Property Demolition Program and other funding, and has facilitated the rehabilitation of over 1,800 homes in Cuyahoga County; and

WHEREAS, in 2014 Cuyahoga County Council enacted Ordinance No. O2014-0014 establishing the Cuyahoga County Property Demolition Program to mitigate the impact of the foreclosure crisis and remove blighted, vacant, and abandoned structures plaguing Cuyahoga County neighborhoods; and

WHEREAS, Ordinance No. 2014-0014 states that “Council intends that the County adopt a comprehensive housing policy and redevelopment strategy to promote a healthy housing market environment...” and that “strategic demolition of blighted properties in bulk is a necessary initial step towards the creation of a comprehensive County housing policy and redevelopment strategy;” and,

WHEREAS, in 2015 Council commissioned a Countywide Housing Study from the Cuyahoga County Planning Commission, published in 2016. The study recommended the county reinvest in its existing housing stock, support affordable housing, and continue foreclosure prevention initiatives, among other initiatives; and

WHEREAS, following the publication of the countywide housing study, the Cuyahoga County Department of Development, Division of Community Development published a Cuyahoga County Housing Plan, which identified six primary objectives to address the county's housing needs; and

WHEREAS, Council now seeks to strategically implement the recommendations of the Countywide Housing Study and the Cuyahoga County Housing Plan in partnership with the Cuyahoga Land Bank to further stabilize and strengthen home values, reduce housing insecurity, eliminate blight, incent renovation and construction of affordable housing, improve access to capital, and help residents maintain their homes in good repair and avoid foreclosure.

**NOW, THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF CUYAHOGA COUNTY, OHIO:**

**SECTION 1.** Chapter 809 of the Cuyahoga County Code is hereby enacted to read as follows:

**Chapter 809: Cuyahoga County Housing Program**

**Section 809.01 Definitions**

A. For the purposes of this Chapter, the following definitions apply:

“Affordable neighborhood” means a census tract where the median single-family home value is at or below 100% of the countywide median home value.

“Department” means the Department of Development, Division of Community Development.

“High market neighborhood” means a census tract where the median single-family home values is in excess of 175% of the countywide median home value.

“Land Bank” means the Cuyahoga County Land Reutilization Corporation, a nonprofit community improvement corporation duly organized pursuant to Chapter 1724 of the Ohio Revised Code.

“Median home value” means the respective median residential property value as certified in the 2018 sexennial reappraisal, as may be revised in the 2021 triennial update.

“Middle market neighborhood” means a census tract where the median single-family home value is above 100% and at or below 175% of the countywide median home value.

“Neighborhood” means an affordable neighborhood, middle market neighborhood, and/or a high market neighborhood.

“Owner-occupant” means a resident of Cuyahoga County who owns or will own the home which they identify as his or her principal place of residence.

“Program” means the Cuyahoga County Housing Program.

“Small dollar mortgage” means a mortgage with a principal amount of \$70,000.00 or less.

## **Section 809.02 Program Establishment and Scope**

A. The Cuyahoga County Housing Program is hereby established to bolster ongoing, community-wide efforts to stabilize and strengthen the County’s housing market, reduce housing insecurity, eliminate vacant and blighted residential structures, accelerate new construction and renovation of existing housing, improve access to capital and affordable housing, and help county residents maintain their homes in good repair and avoid foreclosure. The County seeks to augment existing efforts to address the six primary objectives identified in the 2017 Cuyahoga County Housing Plan authored by the Department of Development, which are:

1. Access to capital
2. Tax collection and delinquency
3. Housing insecurity
4. Special populations
5. Fair housing
6. Confidence in the housing market

B. Components. The Program shall consist of three components:

1. **Home Renovation.** The Home Renovation component prioritizes properties in emerging markets acquired by the Land Bank through tax foreclosure, direct transfer from the County’s forfeiture list, private market acquisition, and governmental/quasi-governmental or charitable sources. The Land Bank shall engage in renovation activities in neighborhoods to stimulate private market activities and maximize the availability of high quality housing.

a. In-house rehabilitation. The Land Bank shall identify and select properties with structures thereon in its inventory, or which can be readily acquired for “in-house” renovation and subsequent sale.

b. Short-term investor rehab. The Land Bank shall identify properties suitable for renovation, develop a written scope of renovations, and then post the property for sale. Pre-screened, interested buyers that demonstrate their capacity to complete the scope of renovation may

purchase the property on a negotiated basis with the Land Bank. The Land Bank may hold the deed in escrow until the buyer has satisfactorily pulled necessary permits and completed the renovation.

**2. Home Owner Assistance.** The Home Owner Assistance component provides financial and technical assistance to current and prospective home-owners and tenants seeking to acquire or maintain affordable housing consistent with local building and zoning laws.

a. Home repair assistance. The Department of Development shall provide home repair assistance to home-owners in the form of loans, grants, and/or technical assistance.

b. Small-dollar mortgage assistance for prospective owner-occupants. The Department of Development shall provide small-dollar mortgage assistance to prospective owner-occupants. Mortgage assistance may include loan origination, loan servicing, loan bundling, and/or the creation of a loan loss reserve.

**3. Housing Market.** The Housing Market component includes strategic activities specifically intended to spur private market investment in emerging and future markets.

a. Emerging markets. The Land Bank shall identify prospective affordable and middle market neighborhoods where the lack of reliable real estate comparables has resulted in a cycle of structural disinvestment. The Land Bank shall engage in strategic investment in these neighborhoods in cooperation with lending institutions to establish benchmark appraisals to maximize private investment capacity in under-capitalized neighborhoods.

b. New infill construction. The Land Bank shall identify and market houses and vacant lots in neighborhoods as potential sites for new construction. The Land Bank shall procure a building contract with one or more developers with a proven record of successfully completing high quality infill construction projects. To the extent practical, the Land Bank shall secure commitments from prospective owner-occupants prior to commencing construction.

c. Future markets. The Land Bank shall undertake strategic planning activities in markets where long-term disinvestment has occurred and private market actors have been unwilling to reinvest. Such activities may include commissioning feasibility studies, concept development, or strategic land assembly. The Land Bank shall undertake such activities in coordination with the Department of Development, municipalities, community development corporations, and/or other community partners.

### **Section 809.03 Program Administration**

A. The Program shall be jointly administered by the Land Bank and the Department of Development, Division of Community Development. The Land Bank shall act as fiscal agent for the entire program and shall design and administer the Home Renovation and Housing Market components consistent with this Chapter. The Department shall design and promulgate rules for the Resident Assistance component consistent with this Chapter, including the establishment of eligibility criteria such as income requirements, property values, and/or any other factors the Department considers relevant. The Department shall also participate in the competitive selection, monitoring, and oversight of third-party service providers for the Resident Assistance Component. The Land Bank shall publish rules for all Program components on its website.

B. Ninety percent of the funding allocated to the Home Renovation and Housing Market components shall be invested in either affordable or middle market neighborhoods. The Program is intended to strategically allocate resources to positively impact housing metrics identified in Section 809.04. Program investment in high market neighborhoods shall be aimed at maximizing revenue for reinvestment in the Program in accordance with Section 809.05(B).

C. To the extent practical, the County and the Land Bank shall leverage additional funding or in-kind contributions from public and private sources to supplement Program activities, including but not limited to, financial institutions, real estate developers, municipalities, townships, community development corporations, and other charitable corporations.

D. Nothing in this Chapter shall serve to limit or abrogate any of the powers, authorities and activities of the Land Bank authorized in R.C. 1724.01 et seq. in administering non-Program activities or funding.

### **Section 809.04 Outcomes and Reporting**

A. The Land Bank shall prepare and submit to Council a semiannual report concerning Home Renovation and Housing Market component activities, including statistical information regarding the Land Bank's acquisition and disposition of properties throughout the county, a program budget, contracting data including the use of minority-owned and women-owned business enterprises, and any other relevant information requested by Council.

B. The Department shall prepare and submit to Council a semiannual report concerning the Resident Assistance component activities, including statistical information regarding the number and demographic information of residents served by the program, and any other relevant information requested by Council.

C. The Department and Land Bank shall prepare and submit to Council a joint annual report tracking programmatic and countywide housing data, including:

1. Foreclosure rate/tax delinquency, countywide and by census tract
2. Vacancy rates, countywide and by census tract
3. Home values, countywide and by census tract
4. Private investment activities, countywide and by census tract
5. Default rate of program participants

D. The first semiannual report required by this Section shall be presented to Council no later than July 31, 2020. The first annual report required by this Section shall be presented to Council no later than January 31, 2021.

### **Section 809.05 Program Funding**

A. The County and Land Bank shall commit \$5,000,000 per annum to support Program activities. The Program shall be supported by a combination of funding sources, including:

1. A combination of the Land Bank's existing reserves and the "Additional DTAC Fee" designated to the Land Bank pursuant to Section 704.01 of this Code, in the following amounts:

- a. \$2,500,000 in the year 2020;
- b. \$3,500,000 in the years 2021 and 2022; and
- c. \$4,000,000 in the years 2023, 2024, and 2025.

2. The "Community Development Fund" established pursuant to Chapter 709 of the Cuyahoga County Code in the amount of \$1,000,000 per annum beginning in the year 2020 and ending in the year 2025.

3. The General Fund in the following amounts:

- a. \$1,500,000 in the year 2020;
- b. \$500,000 in the year 2021; and
- c. \$500,000 in the year 2022.

B. Due to the unpredictable nature of the housing market, the Land Bank shall retain flexibility to allocate Program resources to have the greatest impact in addressing housing market needs and propelling private development, while minimizing activities that would supplant needs already served by the private sector; provided however that not less than \$1,000,000 per annum shall be made available to support the Resident Assistance component of the Program. Any profits derived from Program activities, including loan repayments, market sales, and purchases for short-term investor rehab, less the real and actual cost of administration, shall be reinvested in the Program.

**SECTION 2.** Section 704.01 of the Cuyahoga County Code is hereby amended to read as follows (additions are underlined, deletions are stricken):

**Section 704.01 Additional DTAC Fee**

Pursuant to and in accordance with Section 321.261(B) of the Ohio Revised Code and subject to the other provisions of this Chapter, this Council hereby designates the Additional DTAC Fee in the annual amount of five percent (5%) to be applied on all collections of delinquent real property, personal property and manufactured and mobile home taxes and assessments solely for the use of the Corporation as part of its annual base funding, commencing on January 1, 2014 and continuing through December 31, 2025~~2019~~.

**SECTION 3.** It is necessary that this Ordinance become immediately effective for the usual daily operation of the County and the reasons set forth in the preamble. Provided that this Ordinance receives the affirmative vote of at least eight members of Council, it shall take effect and be in force immediately upon the earliest occurrence of any of the following: (1) its approval by the County Executive through signature, (2) the expiration of the time during which it may be disapproved by the County Executive under Section 3.10(6) of the Cuyahoga County Charter, or (3) its passage by at least eight members of Council after disapproval pursuant to Section 3.10(7) of the Cuyahoga County Charter. Otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

**SECTION 4.** It is found and determined that all formal actions of this Council relating to the adoption of this Ordinance were adopted in an open meeting of the Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

On a motion by \_\_\_\_\_, seconded by \_\_\_\_\_, the foregoing Ordinance was duly enacted.

Yeas:

Nays:

\_\_\_\_\_  
County Council President

\_\_\_\_\_  
Date

\_\_\_\_\_  
County Executive

\_\_\_\_\_  
Date

\_\_\_\_\_  
Clerk of Council

\_\_\_\_\_  
Date

First Reading/Referred to Committee:  
Committee(s) Assigned:

Journal \_\_\_\_\_  
\_\_\_\_\_, 20\_\_